

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 5499

STATE OF NEW JERSEY

DATED: JUNE 6, 2019

The Assembly Financial Institutions and Insurance Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 5499.

This substitute bill authorizes the Department of Banking and Insurance to establish, operate, and fund a State-based exchange for certain health benefits plans and to coordinate with the Department of Human Services securing any federal financial participation available for the exchange.

The bill establishes in the Department of the Treasury a nonlapsing revolving fund to be known as the "Health Insurance Exchange Trust Fund." The bill provides that the fund is to be the repository for monies collected pursuant to the bill, any federal financial participation available, and other monies received as grants or otherwise appropriated for the purposes of supporting health insurance outreach and enrollment through the exchange. The monies in the fund may be used only for the purpose of supporting the exchange through initial start-up costs associated with establishment of the exchange, exchange operations, outreach, enrollment, and other means of supporting the exchange.

The bill provides that the State Treasurer is the custodian of the fund and all disbursements from the fund must be made by the State Treasurer upon vouchers signed by the Commissioner of Banking and Insurance. The monies in the fund are to be invested and reinvested by the Director of the Division of Investment in the Department of the Treasury to the same extent that other trust funds that are in the custody of the State Treasurer are invested and reinvested, in the manner provided by law. Interest received on the monies in the fund is to be credited to the fund.

Under the bill, the commissioner may apply a monthly assessment to each health benefits plan offered by a carrier. The bill provides that the assessment is to be paid by the carrier and deposited into the fund and may be used only for the purpose of supporting the exchange through initial start-up costs associated with establishment of the exchange, exchange operations, outreach, enrollment, and other means

of supporting the exchange. The assessment may be applied at a rate of:

(1) .5 percent of the total monthly premium charged by a carrier for each health benefits plan during any period that the State is on a federally-facilitated exchange;

(2) 1 percent of the total monthly premium charged by a carrier for each health benefits plan during any period that the State is on a State-based exchange using the federal platform; or

(3) 3.5 percent of the total monthly premium charged by a carrier for each health benefits plan during any period that the State is on a State-based exchange. The bill provides that the commissioner has the discretion to adjust this rate to ensure that the State-based exchange is fully funded, but in no case may the assessment be applied at a rate that exceeds 5 percent of the total monthly premium charged by a carrier.

The bill requires the commissioner to provide carriers with adequate notice of their assessment rate for the subsequent year to allow carriers to adjust their rate filing based on the assessment rate beginning on January 1, 2020.

The bill provides that any unexpended balance in the fund at the end of a year is available for expenditure by the commissioner in the subsequent year. The commissioner must consider any unexpended balance from a previous year when calculating the assessment.

The bill provides that, notwithstanding any other law to the contrary, the Department of Banking and Insurance shall have the authority to operate a State-based exchange and coordinate the operations of the exchange with the operations of the New Jersey Individual Health Coverage Program and the New Jersey Small Employer Health Benefits Program, including reorganization of the boards, as the commissioner deems appropriate. The department's authority to regulate the insurance market shall be separate and distinct from the department's duty to oversee exchange operations, to ensure the best interests of and protection for consumers of the State. The department shall also have the authority to coordinate the operations of the exchange with the operations of the State Medicaid program and the NJ FamilyCare Program.

The bill requires the Commissioner of Banking and Insurance, in consultation with the Commissioner of Human Services, to examine whether federal financial participation is available for the exchange as a State administrative expenditure necessary for the proper and efficient administration of the State Medicaid plan. If federal financial participation is available and practicable, the commissioners are required to secure the maximum federal financial participation available.

The bill also provides that the Commissioner of Banking and Insurance has the authority to require that plans offered on the

exchange conform with standardized plan designs that provide for standardized cost-sharing for covered health services.

The bills requires the Commissioner of Banking and Insurance to present a report to the Governor, and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), no later than June 1, 2022, which contains the commissioner's findings and recommendations, including any recommendations for administrative or legislative action the commissioner deems appropriate, and the status of any decisions or efforts to coordinate the operations of the exchange with:

(1) the New Jersey Individual Health Coverage Program and the New Jersey Small Employer Health Benefits Program; and

(2) the operations of the State Medicaid and NJ FamilyCare programs.

The bill also requires the Commissioner of Banking and Insurance and the Commissioner of Human Services to present a report to the Governor, and to the Legislature, no later than June 1, 2022, which contains an evaluation of the actions of those departments in securing federal financial participation, including details on any grants or federal funding matches which were evaluated, any applications for grants or funding that were made, any applications that were denied, and any funding that was or may be received.